

AMENDED IN ASSEMBLY APRIL 13, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 143**

**Introduced by Assembly Member Calderon**

January 11, 1999

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An act to ~~amend Section 1815 of~~ *add Section 1815.5* to the Financial Code, relating to transmission of money abroad.

LEGISLATIVE COUNSEL'S DIGEST

AB 143, as amended, Calderon. Transmission of money abroad: ~~disclosures fees and commissions.~~

Existing law provides for regulation and licensing by the Commissioner of Financial Institutions of persons engaging in the business of receiving money for the purpose of transmitting it or its equivalent abroad. Under these provisions, a licensee is required to present a customer with a receipt clearly stating certain information relative to a transaction to transmit money abroad, including the rate of exchange, the amount of commission or fees, and the net exchange after all fees and commissions have been deducted. ~~Existing law also regulates the signs and advertising of a licensee.~~

This bill would ~~require the receipt presented to a customer to state the official rate of exchange, as defined, in addition to the rate of exchange used by the licensee in the particular transaction, and would also require the receipt to state the amount by which the exchange in the particular transaction is reduced due to use of a rate of exchange that is less favorable~~

~~to the customer than the official rate of exchange. The bill would also require the official rate of exchange to be posted on certain signs and advertising, as specified prohibit money transmitters from including fees and commissions as a factor in the rate of exchange offered to customers. It would require fees and commissions to be clearly stated apart from the rate of exchange as the total cost of conducting a money transmission transaction.~~

Existing law provides that a violation or failure to comply with the provisions regulating persons transmitting money abroad is a crime.

This bill, by expanding the duties of these regulated persons, would thereby expand the scope of an existing crime and thus would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 ~~SECTION 1. Section 1815 of the Financial Code is~~  
2 *SECTION 1. (a) The Legislature finds and declares*  
3 *that whereas existing law requires money transmitters to*  
4 *clearly state on each customer receipt the rate of*  
5 *exchange for a particular transaction, the amount of*  
6 *commission or fees, and the net exchange after all fees*  
7 *and commissions have been deducted, it is in best*  
8 *interests of consumers to clarify that money transmitters*  
9 *cannot charge hidden commissions or fees through the*  
10 *use of arbitrary rates of exchange.*  
11 *(b) The Legislature further finds and declares that*  
12 *consumers who use money transmitters often have*  
13 *limited options for transmitting money to foreign*  
14 *countries. For this reason, it is necessary to clarify that*  
15 *money transmitters cannot be permitted to include fees*



1 and commissions through the use of arbitrarily set rates  
2 of exchange, and should be required to compete on the  
3 explicitly stated cost of transmitting the money to a  
4 foreign country.

5 SEC. 2. Section 1815.5 is added to the Financial Code,  
6 to read:

7 1815.5. No person who engages in the business of  
8 receiving money for the purpose of transmitting the same  
9 or its equivalent to foreign countries shall include fees  
10 and commissions as a factor in the rate of exchange  
11 offered to customers. All fees and commissions shall be  
12 clearly stated apart from the rate of exchange as the total  
13 cost of conducting a money transmission transaction.

14 SEC. 3. No reimbursement is required by this act  
15 pursuant to Section 6 of Article XIII B of the California  
16 Constitution because the only costs that may be incurred  
17 by a local agency or school district will be incurred  
18 because this act creates a new crime or infraction,  
19 eliminates a crime or infraction, or changes the penalty  
20 for a crime or infraction, within the meaning of Section  
21 17556 of the Government Code, or changes the definition  
22 of a crime within the meaning of Section 6 of Article  
23 XIII B of the California Constitution.

24 ~~amended to read:~~

25 ~~1815. (a) The receipt presented to each customer for~~  
26 ~~each transaction pursuant to subdivision (b) of Section~~  
27 ~~1810.5 shall clearly and individually state all of the~~  
28 ~~following:~~

29 ~~(1) The official rate of exchange.~~

30 ~~(2) The rate of exchange used by the licensee for the~~  
31 ~~particular transaction.~~

32 ~~(3) The amount of all commissions and fees associated~~  
33 ~~with the particular transaction.~~

34 ~~(4) The amount by which the exchange in the~~  
35 ~~particular transaction is reduced due to use of a rate of~~  
36 ~~exchange that is less favorable to the customer than the~~  
37 ~~official rate of exchange.~~

38 ~~(5) The net exchange after all commissions and fees~~  
39 ~~have been deducted.~~

~~(6) The total amount of currency presented by the customer.~~

~~(7) The total amount to be delivered to the beneficiary designated by the customer.~~

~~These disclosures shall be in English and in the same language as that principally used by the licensee to advertise, solicit, or negotiate, either orally or in writing, at that office if other than English.~~

~~(b) All window and exterior signs concerning the rates of exchange shall clearly state in English and in the same language principally used by the licensee to advertise, solicit, or negotiate, either orally or in writing, at that office if other than English, the official rate of exchange for exchanging the currency of the United States for foreign currency and the rate of exchange used by the licensee for exchanging the currency of the United States for foreign currency. All interior signs and all advertising, if rates are quoted, shall clearly state the official rate of exchange for exchanging the currency of the United States for foreign currency, the rate of exchange used by the licensee for exchanging the currency of the United States for foreign currency, and all commissions and fees charged on a transaction.~~

~~(c) At each office in this state of the licensee, there shall be disclosed the information specified in subdivision (b) in English and in the same language principally used by the licensee to advertise, solicit, or negotiate, either orally or in writing, with respect to receiving money or its equivalent for transmission to a foreign country at that office.~~

~~(d) If the customer does not specify at the time the currency is presented to the licensee the country to which the currency is to be transmitted, the rates of exchange for the transaction are not required to be set forth on the receipt.~~

~~(e) As used in this section, "official rate of exchange" means the rate of exchange for exchanging the currency of the United States for foreign currency, as published in the Wall Street Journal on the previous business day.~~

1     ~~(f) As used in this section, “licensee” includes any~~  
2 ~~agent of the licensee.~~

3     ~~SEC. 2. No reimbursement is required by this act~~  
4 ~~pursuant to Section 6 of Article XIII B of the California~~  
5 ~~Constitution because the only costs that may be incurred~~  
6 ~~by a local agency or school district will be incurred~~  
7 ~~because this act creates a new crime or infraction,~~  
8 ~~eliminates a crime or infraction, or changes the penalty~~  
9 ~~for a crime or infraction, within the meaning of Section~~  
10 ~~17556 of the Government Code, or changes the definition~~  
11 ~~of a crime within the meaning of Section 6 of Article~~  
12 ~~XIII B of the California Constitution.~~

13     ~~Notwithstanding Section 17580 of the Government~~  
14 ~~Code, unless otherwise specified, the provisions of this act~~  
15 ~~shall become operative on the same date that the act~~  
16 ~~takes effect pursuant to the California Constitution.~~

